

Australia Hotels, Q3 2018

Occupancy softening across major markets

▲ ADR YE Sep-18 \$188	▲ RevPAR YE Sep-18 \$143	▲ Occupancy YE Sep-18 75.8%	▲ Arrivals YE Mar-18 8.3million	▲ Visitor Spend YE Jun-18 7.0%
--	---	--	--	---

*Arrows indicate change from previous year.

Key Points

- **Annual RevPAR** growth for the year ending September 2018 was 2.2% reaching \$143
- **ADR** increased 1.6% to reach \$188 for the year ending September 2018
- **National occupancy** jumped to 75.8% recording growth of 0.6%, but there were declines in major markets
- **Top performers** were the Gold Coast and Adelaide which registered annual RevPAR increases of 8.7% and 5.2% respectively for the year ending September 2018
- **International visitor arrivals** reached a record high of 8.3m for the year ending March 2018, an increase of 7.5% on 2017
- **Spending** by domestic visitors in the year to June 2018 was \$100bn, up 7% on 2017, whilst overnight spend by international visitors was \$29bn*, up 6.7% on 2017
- **Hotel sales volume** for Q3 2018 was ~\$510m

* Year ending March 2018

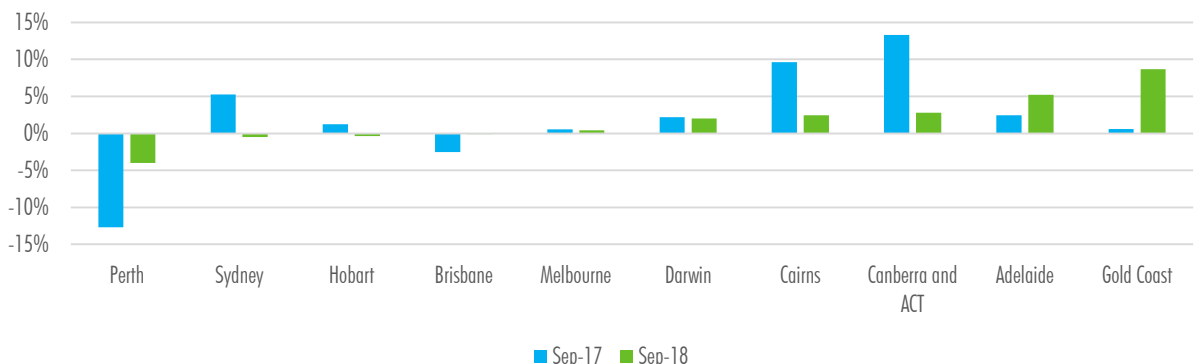
LOWER OCCUPANCY IN EASTERN AUSTRALIA

The hotel market is beginning to see lower occupancy across major cities. According to STR, Sydney, Melbourne, Brisbane and Cairns saw declines in occupancy over the past year. The strong rates of growth seen in Sydney and Cairns in particular have evaporated, indicating that after a number of stellar years these markets may have peaked and perhaps starting to turn. The high room rates in Sydney (~20% above long-term average) are starting to price people out as well.

Melbourne and Brisbane have had large volumes of supply added to market over the past 18 months, hampering growth in RevPAR. Additional supply in Melbourne over the next two years will continue to weigh on performance.

Going forward, demand for hotel rooms should remain strong thanks to a weakening Australian dollar. The AUD has fallen against the USD by ~10% over the course of this year and will encourage domestic travel as international travel becomes more expensive as a result.

Chart 1: Rolling annual change in RevPAR September 2017 – 2018



Source: STR, CBRE Research Q3 2018

National Overview

*Rolling annual September-18



Adelaide		
Occupancy	79.2%	▲ 1.7%
ADR	\$158	▲ 3.5%
RevPAR	\$125	▲ 5.2%

Brisbane		
Occupancy	72.3%	▼ -1.6%
ADR	\$157	▲ 1.5%
RevPAR	\$114	▼ -0.1%

Cairns		
Occupancy	83.1%	▼ -1.3%
ADR	\$153	▲ 3.8%
RevPAR	\$127	▲ 2.5%

Canberra		
Occupancy	78.4%	▲ 1.4%
ADR	\$175	▲ 1.4%
RevPAR	\$137	▲ 2.8%

Darwin		
Occupancy	73.5%	▲ 3.6%
ADR	\$149	▼ -1.5%
RevPAR	\$109	▲ 2.0%

Gold Coast		
Occupancy	72.7%	▲ 2.3%
ADR	\$199	▲ 6.2%
RevPAR	\$145	▲ 8.7%

Hobart		
Occupancy	79.8%	▼ -1.3%
ADR	\$177	▲ 0.9%
RevPAR	\$141	▼ -0.4%

Melbourne		
Occupancy	82.7%	▼ -0.4%
ADR	\$186	▲ 0.8%
RevPAR	\$154	▲ 0.4%

Perth		
Occupancy	73.9%	▼ -0.8%
ADR	\$167	▼ -3.2%
RevPAR	\$123	▼ -4.0%

Sydney		
Occupancy	84.3%	▼ -1.3%
ADR	\$228	▲ 0.9%
RevPAR	\$192	▼ -0.5%

Source: CBRE Research, STR, Q3 2018

SALES VOLUME INCREASED IN Q3 2018

The third quarter of 2018 saw an increase in sales volume, thanks in part to several larger transactions taking place compared to the previous quarter. Two transactions in Victoria accounted for the lion’s share of total volume this quarter.

Queensland and Western Australia are starting to attract buyer interest. Queensland recorded ~\$400m of sales so far this year (far exceeding its 2017 result) and Western Australia is gaining attention as a counter-cyclical play.

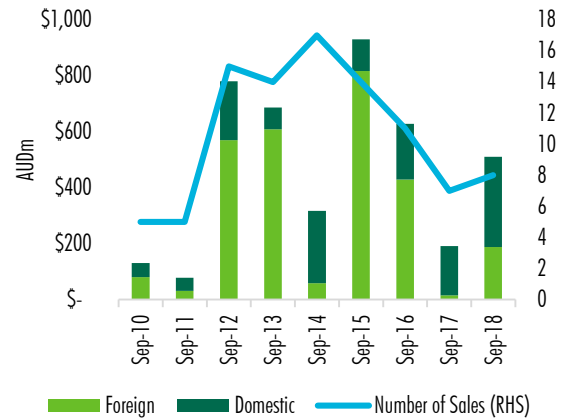
Notable transactions in the third quarter of the year were Pullman on the Park, Melbourne, sold for \$200m, and the Novotel Twin Waters Resort in the Sunshine Coast for \$88.5m.

The share of domestic and foreign investors was an even split in the third quarter. Foreign investors continue to see Australia as an attractive market and we expect any quality stock for sale will gain strong investor interest.

NATIONAL SUPPLY PIPELINE

There is an increased supply of high-end product coming into the market over the next three years. This will revitalise some markets, as a number of them haven’t had a luxury hotel built in many years.

Chart 3: Hotel Sales *above \$10million Q3



Source: CBRE Research

Table 1: Notable Transactions Q3 2018

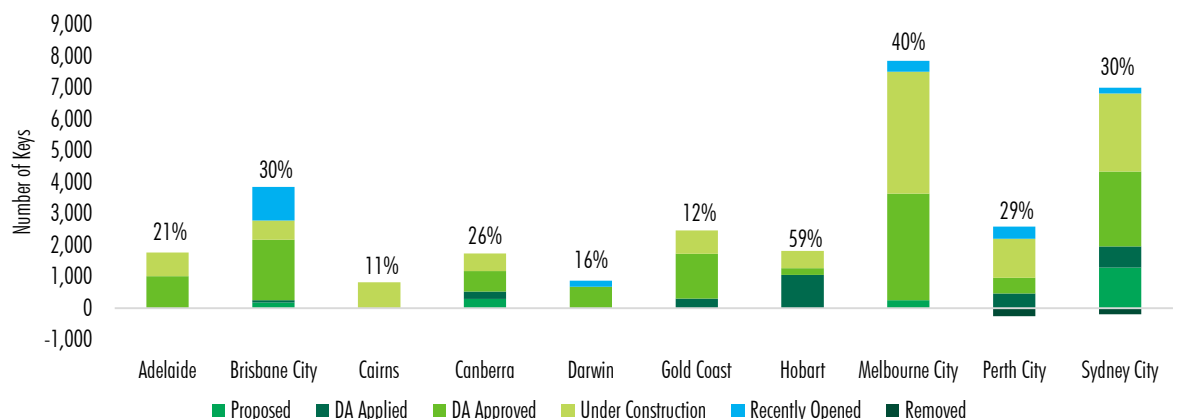
HOTEL	LOCATION	SALE DATE	PRICE (m)	KEYS
Pullman on the Park	Melbourne	Sep-18	\$200	419
Future Quincy Hotel	Melbourne	Aug-18	\$91.2	241
Novotel Twin Waters Resort	Sunshine Coast	Aug-18	\$88.5	361

Source: CBRE Research

Adelaide CBD, which hasn’t had a luxury hotel built in almost three decades, is expected to see two (Sofitel and Adelaide Casino) open in 2020. In Cairns, Crystalbrook Collection is developing three 5-star hotels (The Riley, Bailey and Flynn), which are expected to be completed over the next 18 months.

Chart 2 shows the number of new rooms expected to come into each of the major markets over the medium term outlook period and the resultant percentage increase.

Chart 2: National Supply Pipeline – opening before December 2023



Source: Cordell, CBRE Research Q3 2018

Adelaide

▲ ADR
YE Sep-18
\$158

▲ RevPAR
YE Sep-18
\$125

▲ Occupancy
YE Sep-18
79.2%

SOLID GROWTH CONTINUES

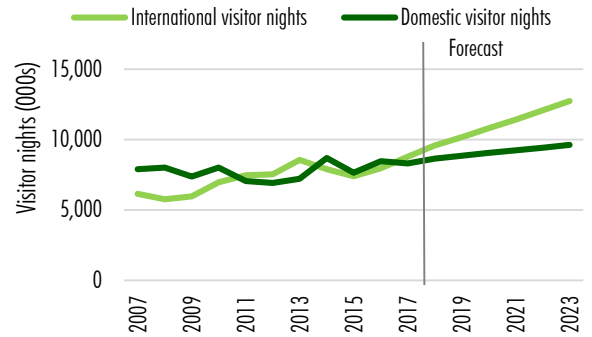
Adelaide continues to be a standout performer this year, recording occupancy growth of 1.7%, while ADR grew by 3.5%, resulting in a robust RevPAR performance of 5.2%.

Adelaide continues to draw tourists with its food and wine scene and cultural events, posting 4% growth in domestic visitors. Additionally, South Australia is attempting to become the market leader in artificial intelligence, resulting in its universities creating new employment opportunities. Consequently, corporate travellers contributed a 5% growth in visitor nights.

HIGHER CORPORATE VISITOR NUMBERS

- The number of nights spent in hotels by domestic travellers remained steady at ~3 million annually
- The number of nights spent in hotels by domestic corporate travellers grew by 5%, but saw a decline of 15% in leisure travellers
- Vic, SA, NSW are the dominant domestic sources, and saw annual changes of -4%, 35% and -19% in hotel nights respectively
- Growth in visitor nights by international travellers is forecast at 5.8% p.a. over the next five years
- VFR is forecast to be the strongest growth segment for international travellers, followed by holidaying

Chart 5: Domestic and International Visitor Nights (historical and forecast)



Source: TRA, CBRE Research, Q3 2018

Table 2: Supply Pipeline

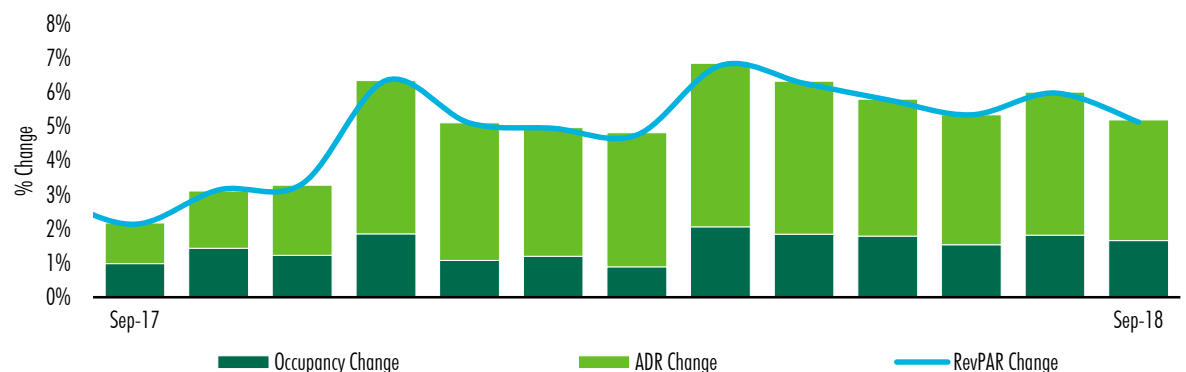
Property	Development Type	Quality	Number of Keys	Current Status	Opening Date
Atura Adelaide Airport	New Build	TBA	165	Under Construction	January 2019
Tribe Hotel Wakefield Street	New Build	TBA	256	DA Approved	September 2019
Adelaide Casino	New Build	6 Star	123	Under Construction	September 2020

Source: CBRE Research, Q3 2018

INCREASE IN HIGH-END PRODUCTS

More hotel openings are expected from 2019 and onwards, with a number of high-end products to added such as Hotel Indigo, Westin Hotels & Resorts and Sofitel Adelaide.

Chart 4: Hotel Performance KPIs Rolling Annual Change



Source STR, CBRE Research Q3 2018

Brisbane

▲ ADR
YE Sep-18
\$157

▼ RevPAR
YE Sep-18
\$114

▼ Occupancy
YE Sep-18
72.3%

BUSINESS TRAVEL SUPPORTING GROWTH

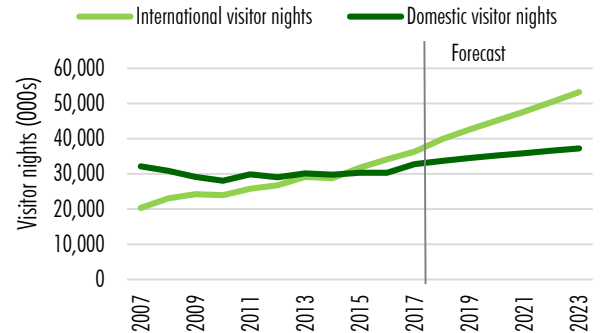
Brisbane experienced a 1.6% decline in occupancy while ADR grew 1.5%, resulting in RevPAR falling 0.1%.

There has been increased visitation from domestic travellers for holidaying and business. Total visitor nights from corporate travellers grew 25%, coinciding with the improved business outlook for QLD.

STRONG GROWTH IN TOURIST VOLUMES

- The number of nights spent in hotels by domestic travellers increased by 19% to just over 5.8 million annually
- The number of nights spent in hotels by domestic leisure travellers grew 28%, with corporate travel increasing 27% and VFR 19%
- Qld, NSW and Vic are the dominant domestic sources, and saw annual changes of 17%, 9% and 23% in hotel nights respectively
- Growth in visitor nights by international travellers is forecast at 6.0% p.a. over the next five years
- VFR and holidaying are forecast to be the strongest growth segments for international travellers

Chart 7: Domestic and International Visitor Nights (historical and forecast)*



Source: TRA, CBRE Research, Q3 2018. * Note: visitor nights includes Gold Coast

Table 3: Supply Pipeline

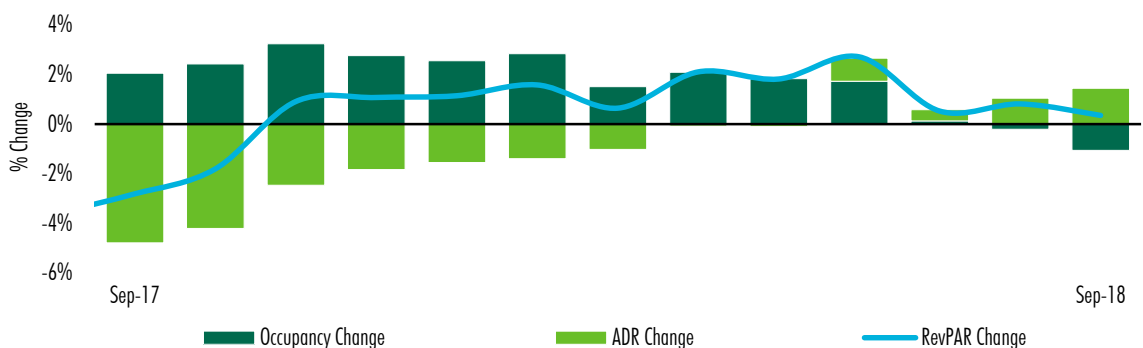
Property	Development Type	Quality	Number of Keys	Current Status	Opening Date
Westin Brisbane	New Build	5 Star	286	Under Construction	November 2018
Art Series Hotel Howard Smith Wharves	New Build	5 Star	164	Under Construction	January 2019
Brunswick Street Hotel	New Build	5 Star	140	Under Construction	December 2019

Source: CBRE Research, Q3 2018

LIMITED HOTEL OPENINGS UNTIL 2024

The luxury hotel, The Calile, recently opened in Fortitude Valley. Three more upper scale and luxury hotels are planned for completion over the next 18 months. However, subsequently there are no more major hotels openings in Brisbane until 2024.

Chart 6: Hotel Performance KPIs Rolling Annual Change



Source: STR, CBRE Research Q3 2018

Cairns

▲ ADR
YE Sep-18
\$153

▲ RevPAR
YE Sep-18
\$127

▼ Occupancy
YE Sep-18
83.1%

FALLS IN OCCUPANCY

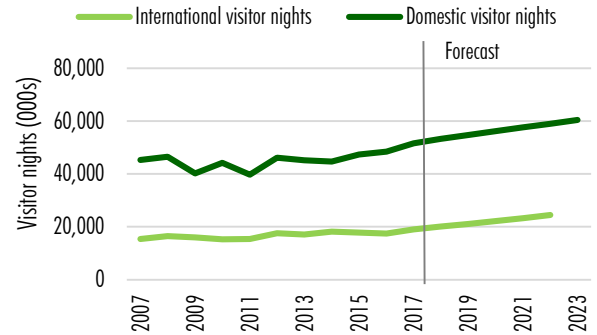
Occupancy in Cairns fell 1.3%, but ADR growth remained strong, resulting in RevPAR growth of 2.5%.

Cairns remains an attractive holiday destination, experiencing a 38% growth in visitor nights from domestic leisure travellers. A lower unemployment rate and improved economic growth this year has also generated business travel into the region, which is a marked difference to the weak economic conditions over the past three years.

INCREASE IN HOTEL NIGHTS

- The number of nights spent in hotels by domestic travellers increased by 39% to ~2.1 million annually
- The number of nights spent in hotels by domestic leisure travellers grew by 45%, with corporate travel increasing by 35% and VFR 6%
- Qld, NSW and Vic are the dominant domestic sources, and saw annual growth of 24%, 77% and 93% in hotel nights respectively
- Growth in visitor nights (in the rest of Qld) by international travellers is forecast at 5.1% p.a. over the next five years
- VFR and holidaying are forecast to be the strongest growth segments for international travellers

Chart 9: Domestic and International Visitor Nights (historical and forecast)*



Source: TRA, CBRE Research, Q3 2018. * Note: visitor nights based on rest of Queensland

Table 4: Supply Pipeline

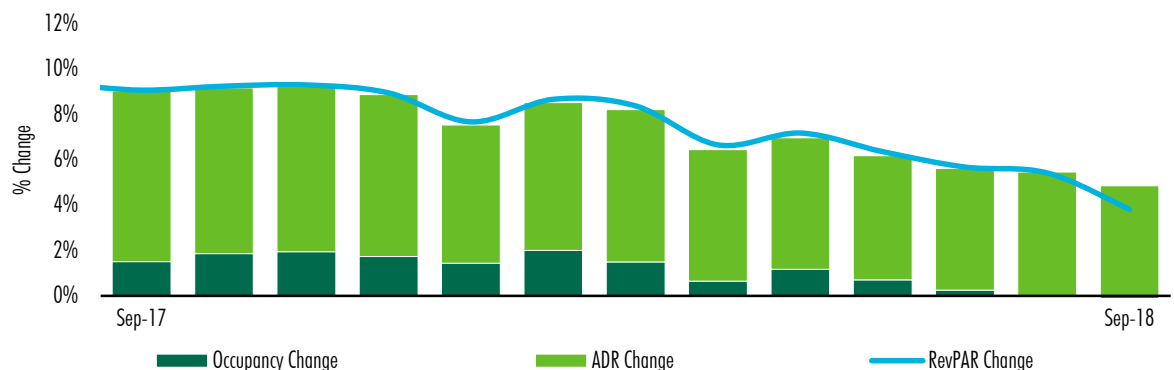
Property	Development Type	Quality	Number of Keys	Current Status	Opening Date
Riley	New Build	5 Star	311	Under Construction	November 2018
Bailey	New Build	5 Star	217	Under Construction	September 2019
Flynn	New Build	5 Star	303	DA Approved	June 2020

Source: CBRE Research, Q3 2018

LUXURY HOTEL DEVELOPMENTS

There have been limited luxury hotel developments in Cairns over the past decade, but this is changing, with Crystalbrook Collection developing three 5-star hotels. The Riley, Bailey and Flynn are expected to add more than 800 rooms.

Chart 8: Hotel Performance KPIs Rolling Annual Change



Source: STR, CBRE Research Q3 2018

Canberra

▲ ADR
YE Sep-18
\$175

▲ RevPAR
YE Sep-18
\$137

▲ Occupancy
YE Sep-18
78.4%

STEADY PERFORMANCE CONTINUES

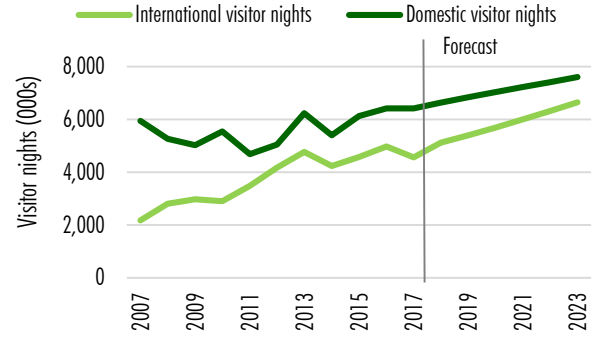
Canberra posted healthy increases across all performance indicators. RevPAR increased 2.8% off the back of 1.4% increases in both occupancy and ADR.

Visiting friends and relatives drove growth in hotel performance. Hotel nights occupied by domestic visitors VFR grew by 37%, partially offsetting declines in other categories.

DOMESTIC VISITATION DECREASES

- The number of nights spent in hotels by domestic travellers decreased by 13% to ~ 2.6 million annually
- The number of nights spent in hotels by domestic travellers VFR grew by 37%, but there were declines of 27% and 5% from leisure and corporate travellers respectively
- NSW, Vic and Qld are the dominant domestic sources, and saw annual changes of -8%, -23% and 28% in hotel nights respectively
- Growth in visitor nights by international travellers is forecast at 5.4% p.a. over the next five years
- VFR is forecast to be the strongest growth segment for international travellers, followed by holidaying

Chart 11: Domestic and International Visitor Nights (historical and forecast)



Source: TRA, CBRE Research, Q3 2018

Table 5: Supply Pipeline

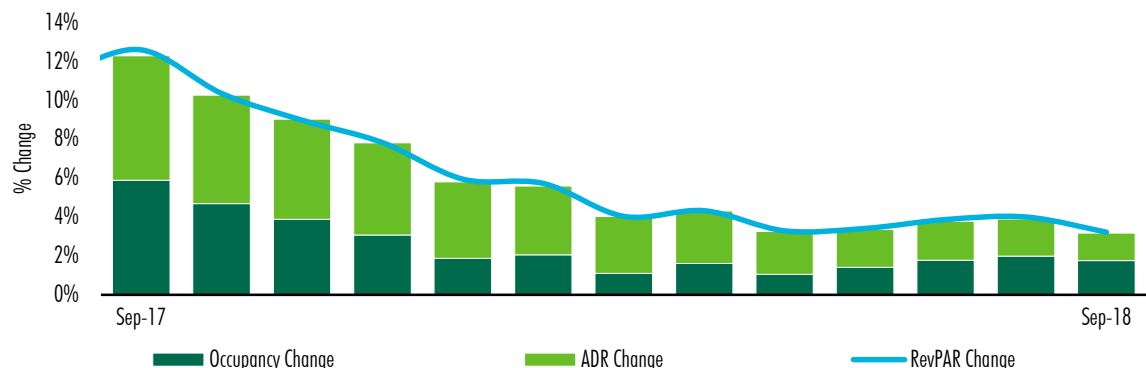
Property	Development Type	Quality	Number of Keys	Current Status	Opening Date
Eclipse House	New Build	5 Star	153	DA Approved	June 2020
Adina Apartment Grand Hotel	New Build	5 Star	132	Under Construction	November 2020
Abode West Block Building	Redevelopment	5 Star	TBA	Proposed	December 2020

Source: CBRE Research, Q3 2018

RISING SUPPLY IN 2020 AND 2021

Hotel developments are picking up in the nation's capital. A number of hotels are scheduled for completion in 2020 and 2021, which are expected to add 650 rooms to the market.

Chart 10: Hotel Performance KPIs Rolling Annual Change



Source: STR, CBRE Research Q3 2018

Darwin

ADR
YE Sep-18
\$149

RevPAR
YE Sep-18
\$109

Occupancy
YE Sep-18
73.5%

HIGHER OCCUPANCY MAY BE SHORT-LIVED

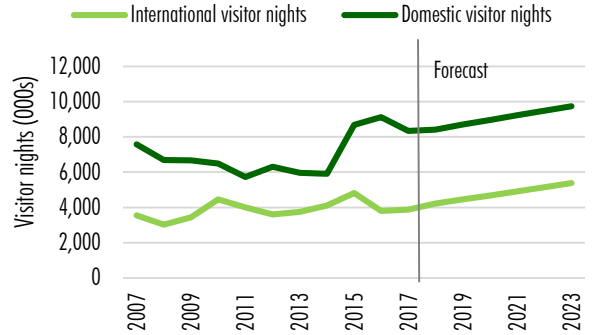
Darwin's hotel occupancy grew 3.6%, while ADR fell 1.5%, resulting in RevPAR growth of 2.0%.

The market is beginning to experience pressure: as domestic visitor numbers have declined over the past year. The economic outlook suggests pressure on hotel performance, as the Ichthys LNG project has now been completed. Other projects and defence contracts will help mitigate a severe decline.

DECLINE IN DOMESTIC NIGHTS SPENT IN HOTELS

- The number of nights spent in hotels by domestic travellers decreased by 10% to ~1.5 million annually
- The number of nights spent in hotels by domestic leisure travellers grew by 8%, but saw declines from corporate travellers (-26%) and VFR (-25%)
- Vic, Qld, WA are the dominant domestic sources, and saw annual changes of 75%, -33% and -10% in hotel nights respectively
- Growth in visitor nights by international travellers is forecast at 5.4% p.a. over the next five years
- VFR is forecast to be the strongest growth segment for international travellers, followed by holidaying

Chart 13: Domestic and International Visitor Nights (historical and forecast)



Source: TRA, CBRE Research, Q3 2018

Table 6: Supply Pipeline

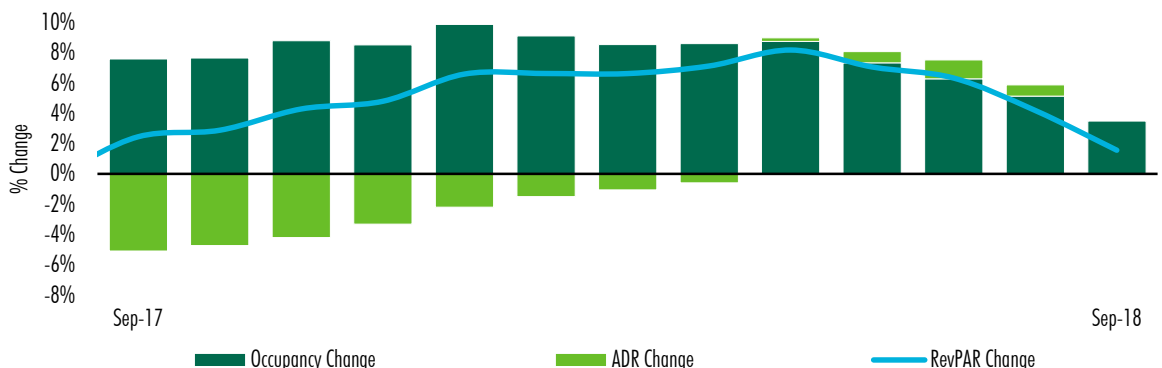
Property	Development Type	Quality	Number of Keys	Current Status	Opening Date
DoubleTree by Hilton Hotel Darwin	Refurbishment	4.5 Star	197	Recently Opened	September 2018
Best Western Darwin Airport	Extension	4 Star	34	DA Approved	TBA
Westin Darwin	New Build	5	240	DA Approved	June 2021*

Source: CBRE Research, Q3 2018. Note: * estimate opening data

INCREASED SUPPLY IN 2021

Since 2016 there has been very limited supply growth in Darwin. This is set to change as more than 700 rooms are expected to be built over the next three years. Development approval has been granted for the 5-star Darwin Port Westin Hotel, paving the way for construction next year, with a projected completion date in 2021.

Chart 12: Hotel Performance KPIs Rolling Annual Change



Source: STR, CBRE Research Q3 2018

Gold Coast

▲ ADR
YE Sep-18
\$199

▲ RevPAR
YE Sep-18
\$145

▲ Occupancy
YE Sep-18
72.7%

STRONG REVPAR GROWTH

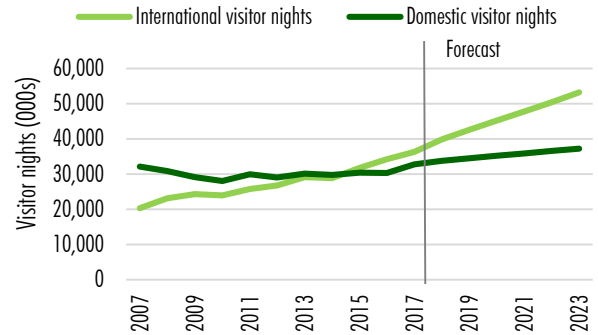
The Gold Coast posted strong growth across all performance indicators. RevPAR grew by 8.7% on the back of 2.3% growth in occupancy and 6.2% growth in ADR.

The strong performance driven by the Commonwealth Games in April has managed to maintain its momentum thanks to the increased international exposure the region garnered.

SLIGHT DECREASE IN VISITORS

- The number of nights spent in hotels by domestic travellers decreased by 2% to ~5.5 million annually
- The number of nights spent in hotels by domestic corporate travellers grew by 20%, but saw declines from leisure travellers (7%) and VFR (2%)
- NSW, Qld and Vic are the dominant domestic sources, and saw annual changes of 9%, -7% and -9% in hotel nights respectively
- Growth in visitor nights by international travellers is forecast at 6.0% p.a. over the next five years
- VFR and holidaying are forecast to be the strongest growth segments for international travellers

Chart 15: Domestic and International Visitor Nights (historical and forecast)*



Source: TRA, CBRE Research, Q3 2018. * Note: visitor nights includes Brisbane

Table 7: Supply Pipeline

Property	Development Type	Quality	Number of Keys	Current Status	Opening Date
Wanda Vista	New Build	5 Star	171	Under Construction	April 2019
Peak & Woodrofe Avenue	New Build	4 Star	312	DA Applied	March 2021
Aquis Pacific Point Hotel	New Build	5 Star	580	DA Approved	May 2021

GROWING SUPPLY PIPELINE

There has been limited supply added to the market over the past two years, but the construction of more than 1,000 rooms in 2021 may place pressure on hotel performance.

Chart 14: Hotel Performance KPIs Rolling Annual Change



Source: STR, CBRE Research Q3 2018

Hobart

▲ ADR
YE Sep-18
\$177

▼ RevPAR
YE Sep-18
\$141

▼ Occupancy
YE Sep-18
79.8%

MARKET IN A STATE OF DECLINE

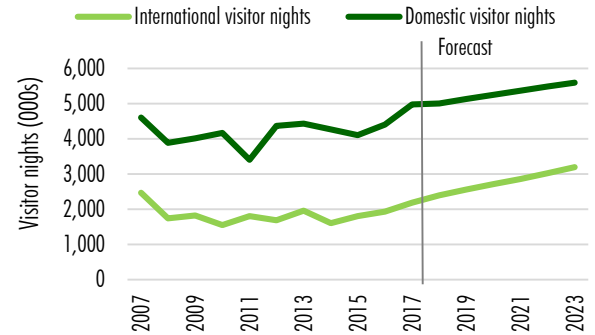
Hobart posted further falls in RevPAR and is second only to Perth in terms of overall RevPAR decline over the past 12 months. Occupancy fell 1.3%, ADR grew 0.9%, resulting in RevPAR declining 0.4%.

Hobart is suffering an impact of a significant increase in supply. This is not likely to change anytime soon as further increases in supply are expected.

DECREASE IN DOMESTIC VISITOR NIGHTS

- The number of nights spent in hotels by domestic travellers decreased by 10% to ~1.6 million annually
- The number of nights spent in hotels by domestic travellers VFR grew by 12%, but saw declines from corporate travellers (-20%) and leisure (-10%)
- Vic, NSW and Tas are the dominant domestic sources, but saw declines of 10%, 9% and 29% in hotel nights respectively
- Growth in visitor nights by international travellers is forecast at 5.9% p.a. over the next five years
- Holidaying is forecast to be the strongest growth segment for international travellers, followed by VFR

Chart 17: Domestic and International Visitor Nights (historical and forecast)



Source: TRA, CBRE Research, Q3 2018

Table 8: Supply Pipeline

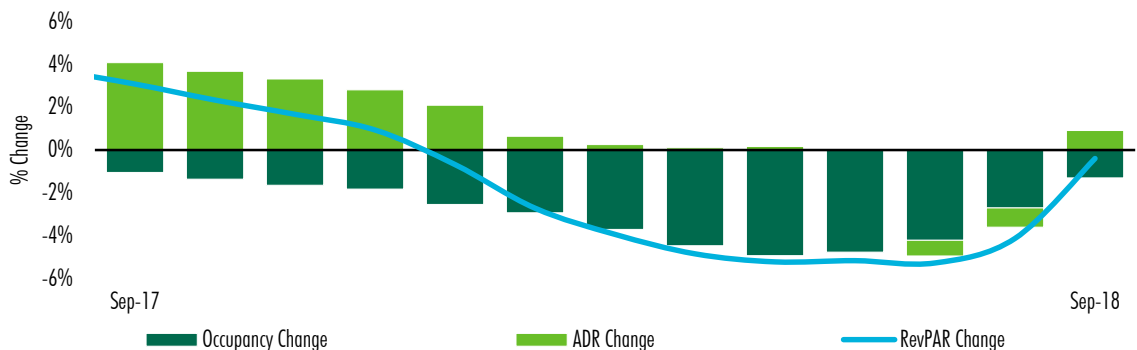
Property	Development Type	Quality	Number of Keys	Current Status	Opening Date
The Tasman	New Build	5 Star	128	Under Construction	June 2019
Vibe Hotel Hobart	New Build	4 Star	120	Under Construction	September 2019
Crowne Plaza Hobart	New Build	4.5 Star	187	Under Construction	March 2020

Source: CBRE Research, Q3 2018

MORE SUPPLY IN THE PIPELINE

The sheer volume of hotels (more than 1,100 rooms or 40% of stock) coming into the market over the next two years is expected to exert considerable pressure on hotel performance as the market will struggle to absorb the new product.

Chart 16: Hotel Performance KPIs Rolling Annual Change



Source: STR, CBRE Research Q3 2018

Melbourne

▲ ADR
YE Sep-18
\$186

▲ RevPAR
YE Sep-18
\$154

▼ Occupancy
YE Sep-18
82.7%

MARGINALLY POSITIVE REVPAR GROWTH

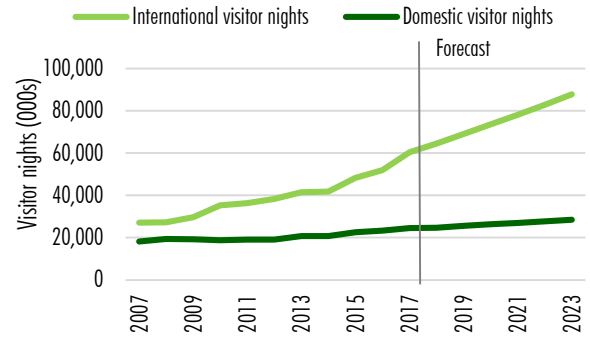
Melbourne posted a 0.4% increase in RevPAR, as ADR grew 0.8% more than offsetting a 0.4% decline in occupancy.

Delays in hotel developments, pushing completion dates out to 2021, has helped in part to alleviate the pressure on hotel performance in the short term. However, if all projects come to fruition, future declines are expected.

STEADY GROWTH IN VISITOR NIGHTS

- The number of nights spent in hotels by domestic travellers increased by 16% to just over 11 million annually
- The number of nights spent in hotels by domestic travellers VFR grew by 29%, with corporate increasing 13%, but there was a decline of 1% from leisure travellers
- NSW, Vic and Qld are the dominant domestic sources, and saw annual growth of 12%, 16% and 8% in hotel nights respectively
- Growth in visitor nights by international travellers is forecast at 6.3% p.a. over the next five years
- VFR is forecast to be the strongest growth segment for international travellers, followed by holidaying

Chart 19: Domestic and International Visitor Nights (historical and forecast)



Source: TRA, CBRE Research, Q3 2018

Table 9: Supply Pipeline

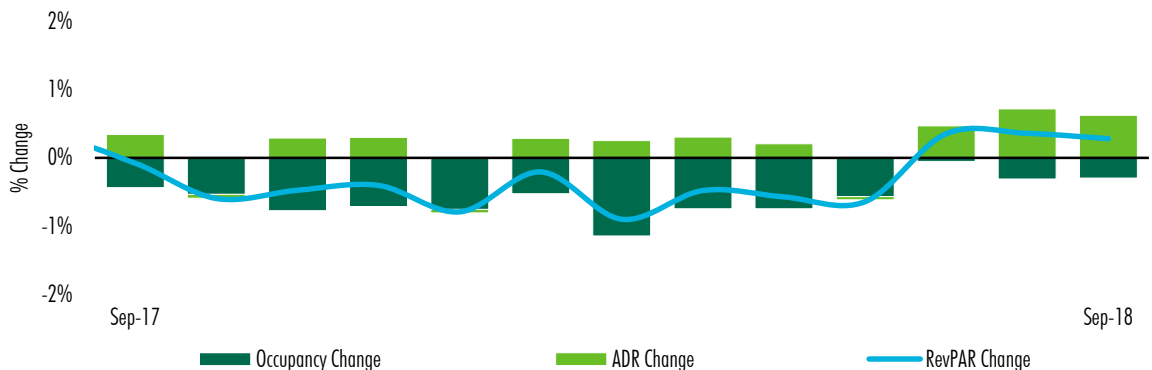
Property	Development Type	Quality	Number of Keys	Current Status	Opening Date
AVANI Central Melbourne Residences	New Build	4 Star	456	Under Construction	October 2018
Novotel Melbourne	New Build	4.5 Star	213	Under Construction	December 2018
ibis Melbourne	New Build	3.5 Star	270	Under Construction	December 2018

Source: CBRE Research, Q3 2018

TESTING TIMES AHEAD

2021 will see over 1,200 rooms added to the market with another 500 proposed to be completed by 2022. The majority of developments are high-end product and concentrated in the CBD.

Chart 18: Hotel Performance KPIs Rolling Annual Change



Source: STR, CBRE Research Q3 2018

Perth

ADR
YE Sep-18
\$167

RevPAR
YE Sep-18
\$123

Occupancy
YE Sep-18
73.9%

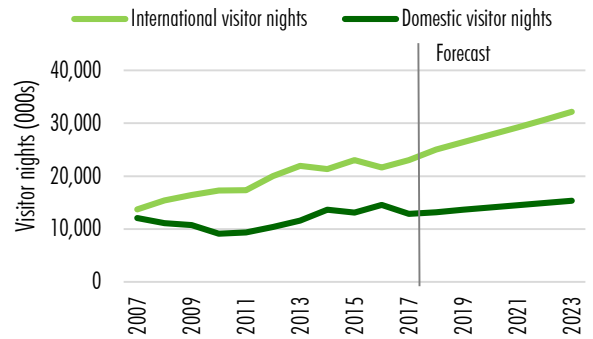
DECLINE CONTINUES BUT AT A SLOWER PACE

Perth continues to experience a deterioration across key performance indicators. RevPAR declined 4% off the back of drops in occupancy and ADR of 0.8% and 3.2% respectively. The volume of supply that has come through in the past two years continues to place pressure on hotel performance, but the pace of decline is slowing. Business sentiment has improved over the past six months, supporting growth in hotel nights from corporate travellers.

GROWTH IN HOTEL VISITATION

- The number of nights spent in hotels by domestic travellers increased by 24% to ~3.8 million annually
- The number of nights spent in hotels by domestic corporate travellers grew 61%, with VFR increasing 13%, but there was a decline of 15% from leisure travellers
- WA, NSW and Vic are the dominant domestic sources, and saw annual growth of 6%, 21% and 41% in hotel nights respectively
- Growth in visitor nights by international travellers is forecast at 5.2% p.a. over the next five years
- VFR is forecast to be the strongest growth segment for international travellers, followed by business trips

Chart 21: Domestic and International Visitor Nights (historical and forecast)



Source: TRA, CBRE Research, Q3 2018

Table 10: Supply Pipeline

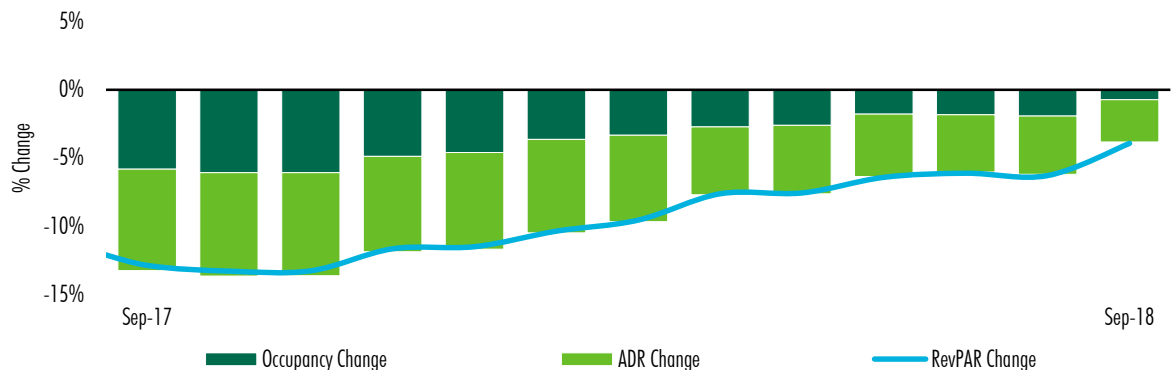
Property	Development Type	Quality	Number of Keys	Current Status	Opening Date
Ritz Carlton	New Build	5 Star	205	Under Construction	March 2019
DoubleTree by Hilton Perth	New Build	4.5 Star	229	Under Construction	June 2019
Park Regis Subiaco	New Build	5 Star	217	Under Construction	December 2019

Source: CBRE Research, Q3 2018

SIGNIFICANT INCREASES IN SUPPLY

2019 is expected to see a further ~1,500 rooms added to the market, mostly concentrated in the Perth CBD. The supply outlook will continue to be a drag on hotel performance over the medium term if all the proposed product is constructed.

Chart 20: Hotel Performance KPIs Rolling Annual Change



Source: STR, CBRE Research Q3 2018

Sydney

▲ ADR
YE Sep-18
\$228

▼ RevPAR
YE Sep-18
\$192

▼ Occupancy
YE Sep-18
84.3%

LOWER OCCUPANCY RATE

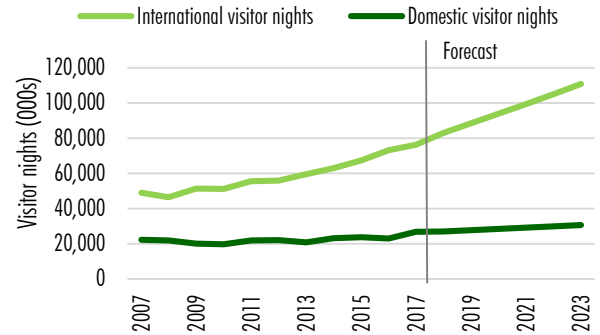
The long run of positive growth in occupancy in Sydney over the last decade appears to be coming to an end. Occupancy declined 1.3%, while ADR grew 0.9%, resulting in 0.5% drop in RevPAR. A number of hotels have been added to the market over the past two years and this is beginning to impact performance.

While Sydney remains a popular destination, a large volume of supply could weigh on future performance.

STRONG GROWTH IN DOMESTIC VISITORS

- The number of nights spent in hotels by domestic travellers increased by 1.3% to ~10.2 million annually
- The number of nights spent in hotels by domestic leisure travellers grew by 19%, with corporate increasing 14% and VFR 8%
- Vic, NSW and Qld are the dominant domestic sources, and saw annual growth in hotel nights of 29%, 4% and 15% respectively
- Growth in visitor nights by international travellers is forecast at 5.9% p.a. over the next five years
- VFR is forecast to be the strongest growth segment for international travellers, followed by business trips

Chart 23: Domestic and International Visitor Nights (historical and forecast)



Source: TRA, CBRE Research, Q3 2018

Table 11: Supply Pipeline

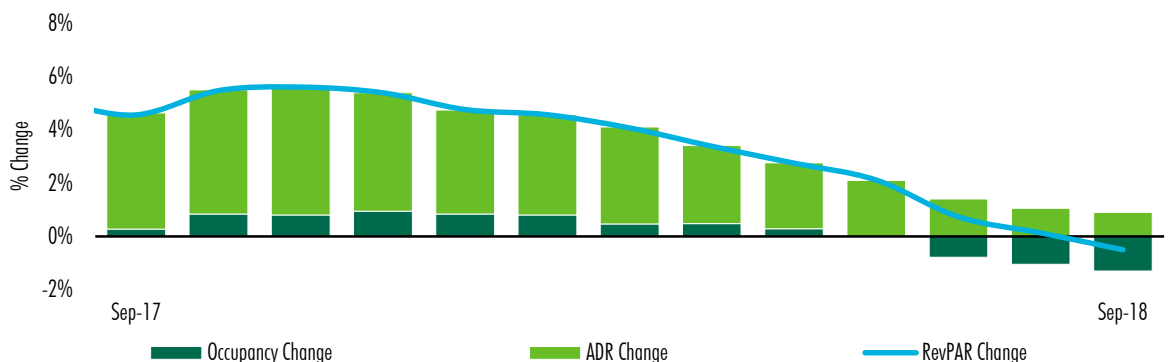
Property	Development Type	Quality	Number of Keys	Current Status	Opening Date
Four Points by Sheraton	New Build	4.5 Star	297	Recently Opened	August 2018
Vibe Darling Harbour	New Build	4 Star	145	Under Construction	July 2019
Crowne Plaza Darling Harbour	New Build	5 Star	152	Under Construction	September 2019

Source: CBRE Research, Q3 2018

INCREASES IN SUPPLY WILL IMPACT OCCUPANCY

Sydney CBD saw a few new hotels open, with the latest addition the Four Points by Sheraton. This trend is expected to continue as more than 2,000 rooms are planned for completion over the next two years. While demand for Sydney will remain strong, the large supply outlook could negatively impact performance.

Chart 22: Hotel Performance KPIs Rolling Annual Change



Source: STR, CBRE Research Q3 2018

RESEARCH CONTACTS**Bradley Speers***Head of Research, Australia*

t: +61 2 9333 3383

e: bradley.speers@cbre.com.au**Danny Lee***Senior Research Manager,**Head of Hotels Research*

t: +61 2 9333 9097

e: danny.lee@cbre.com.au**CBRE OFFICES****Sydney**

Level 21

363 George Street

Sydney, NSW 2000

Melbourne

Level 34

8 Exhibition Street

Melbourne, Vic 3000

Brisbane

Level 3

1 Eagle Street

Brisbane, Qld 4000

Perth

Level 25

250 St George's Terrace

Perth, WA 6000

Adelaide

Level 5

151 Pirie Street

Adelaide, SA 5000

Canberra

Level 12

14 Moore Street

Canberra City, ACT 2601

Liability limited by a scheme approved under Professional Standards Legislation.

To learn more about CBRE Research, or to access additional research reports, please visit the Global Research Gateway at www.cbre.com/research-and-reports.

Disclaimer: Information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to confirm independently its accuracy and completeness. This information is presented exclusively for use by CBRE clients and professionals and all rights to the material are reserved and cannot be reproduced without prior written permission of CBRE.